

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 74 – SB 589

February 19, 2013

SUMMARY OF BILL: Requires that every newborn infant, as ability persists, be screened for all lysosomal storage disorder including, but not limited to: Krabbe, Frabry, Gaucher, Pompe, Hurler Syndrome and Niemann-Pick. The Department of Health is required to promulgate rules and regulations for any new screenings that become available.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$200,000/FY13-14
\$400,000/FY14-15 and Subsequent Years**

**Increase State Expenditures - \$1,029,100/FY13-14
\$321,200/FY14-15 and Subsequent Years**

Assumptions:

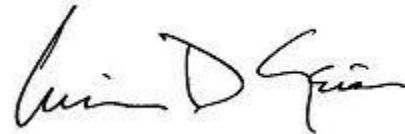
- According to the Department of Health, there is no current FDA-approved test method for dried blood testing for the lysosomal storage disorders of Krabbe, Fabry, Gaucher, Pompe, Hurler Syndrome and Niemann-Pick; therefore, the Department's Division of Laboratory Services will be required to develop these tests.
- The Division will require two new Tandem Mass Spectrometers to perform blood analysis on the estimated 80,000 births in this state.
- Purchasing two new tandem mass spectrometers will result in a one-time increase in state expenditures of \$697,703 (\$348,851.50 x 2).
- There will be recurring costs for laboratory supplies (\$92,442) and yearly maintenance, parts, and calibration of the tandem mass spectrometers (\$70,000) resulting in a recurring increase in state expenditures of \$163,100.
- The Division will also require one new certified microbiologist position, resulting in a recurring increase in state expenditures of \$75,344 (salary: \$47,940 + benefits: \$7,205 + insurance: \$5,999 + communications: \$1,600 + office lease: \$4,100 + administrative allocation: \$7,900 + supplies: \$600)
- There will be a one-time increase in state expenditures of \$5,100 related to this new microbiologist position (computer/printer/etc.: \$2,400 + office landscaping: \$2,700).
- The Department will require one new registered nurse-4 position to perform follow-up on the screenings produced by the Division. This will result in a recurring increase in state expenditures of \$82,789 (salary: \$51,804 + benefits: \$7,786 + insurance: \$5,999 +

communications: \$1,600 + office lease: \$4,100 + administrative allocation: \$7,900 + supplies: \$600 + travel: \$3,000).

- There will be a one-time increase in state expenditures of \$5,100 related to this new registered nurse position (computer/printer/etc.: \$2,400 + office landscaping: \$2,700).
- Non-recurring costs for these two new positions will result in a one-time increase in state expenditures of \$10,200 in FY13-14 (\$5,100 x 2).
- Recurring costs for these two positions will result in a one-time increase in state expenditures of \$158,133 beginning in FY13-14 (\$75,344 + \$82,789).
- According to the Department, the cost of performing newborn screening tests is paid for by a fee, authorized by Department of Health Rule 1200-15-01-.05. The fee is collected from a birth hospital and is currently \$75 per specimen.
- The current fee will be increased to cover the additional cost of the LSD test equipment, reagents, personnel, and continuing test costs. The Department estimates that the fee will increase by \$5 per specimen.
- It will take six months for the purchase of equipment, supplies, test development and population study. As a result, the Department estimates that approximately 40,000 tests will be performed in FY13-14 and 80,000 tests in FY14-15 and subsequent years. This will result in an increase in state revenue of \$200,000 in FY13-14 (40,000 tests x \$5) and \$400,000 in FY14-15 and subsequent years (80,000 tests x \$5).
- There will not be a significant increase in state expenditures for DOH to promulgate rules and regulations.
- According to the Bureau of TennCare, newborn testing is part of overall newborn care billed to the managed care organizations (MCOs). Each MCO has hospital payment agreements that pay either a per diem or overall payment for newborn care and this bill would not change the payment.
- According to the Department of Finance and Administration, there will not be a significant increase in state, local, or federal expenditures associated with the State, Local Education, and Local Government plans, as the Department currently pays a bundled fee per birth to its health insurers and it does not anticipate any increase in the fee since the average testing fee per newborn will only increase by \$5.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb